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SUBJECT: AUSTRALIAN WEEKLY POLITICAL ROUNDUP 2008-7

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Classified By: Political Counselor James F. Cole, for reasons 1.4 (b) and (d).

POLL SHOCK FOR ALP STATES

¶1. (C/NF) The most recent quarterly Newspolls suggest Australian Labor Party (ALP) state governments in Queensland and South Australia are in trouble. After preferences, the ALP leads the Liberal National Party (LNP) 51-49 in Queensland in the first Newspoll taken since the Queensland Liberals and Nationals merged in July. In the previous Newspoll, the ALP led the Coalition 55-45. In South Australia, the ALP and the Liberals are tied 50-50, down from a 54-46 ALP advantage in the last poll. Federal ALP MP Julie Collins (a former ALP Tasmanian State Secretary) also told us recently that the decade-old Tasmanian ALP government is also in trouble, despite a leadership change in May. New ALP Senator David Feeney, one of the party's smartest strategists, noted that these results are more an indication of long-term ALP governments wearing out their political welcome than any trend against the ALP per se (see reftel). Before his election, Feeney was ALP Assistant National Secretary. He was director of the marginal seats campaign for the 2007 election, and was campaign manager for South Australian Premier Mike Rann's prior campaign (which resulted in a big win for Labor). The Queensland state elections will likely be held in late 2009, and the South Australian and Tasmanian elections in early 2010.

BAD START FOR NEW SHADOW TREASURER

¶2. (SBU) Deputy Liberal Leader Julie Bishop had an embarrassing start to her new portfolio. On Monday evening - the day of her appointment - Bishop stumbled in a radio interview when asked what the official interest rate was. On Tuesday, it was revealed that her first speech as Shadow Treasurer plagiarized a Wall Street Journal article. Bishop tried to spin her way out of both blunders, but merely dug herself into a bigger hole. The ALP ridiculed her in Question Time, and the media piled on. It was an unwelcome distraction for the Coalition which is trying to keep the focus on old-age pensions and the economy.

RUDD WON'T CAVE IN TO THE UNIONS

¶3. (C/NF) The Rudd government is not budging on its industrial relations policies despite vigorous lobbying by unions and pressure from some ALP MPs. The unions want a lifting of restrictions on what can be bargained for by the parties to a workplace agreement. They also want provisions for arbitration of wage disputes, and the abolition of the building industry watchdog. ALP Senator Feeney told us those he characterized as the "rock apes" in the union movement will get nowhere. He said Rudd won't change policies he brought to the election, and the Prime Minister has "unprecedented authority" in Caucus. He praised the approach of union pragmatists like Australian Workers Union Secretary Paul Howes who is pushing for changes which accord with ALP policy.

TWO OUT OF THREE FOR ALP IN THE SENATE

14. (SBU) Two high-profile Rudd government budget measures - staunchly opposed by the Coalition - passed the Senate this week. The increase to the luxury car tax passed with amendments moved by the Greens and the two other swing Senators. The removal of the tax exemption for oil condensate (the exemption introduced in 1977 to encourage exploration in the North West Shelf) passed with an amendment moved by Independent Senator Nick Xenophon. However, the Coalition and Family First Senator Stephen Fielding combined to block the proposed lifting of the Medicare Levy Surcharge threshold. The Surcharge was introduced by the Howard government in 1997 to encourage the take-up of private health insurance. The lifting of the threshold, which has always been \$50,000 for individuals, is projected to result in people leaving private health insurance, putting upward pressure on premiums. Fielding is holding out for compensation for low income earners who will pay higher premiums. Acting Prime Minister Julia Gillard said the Liberal party had denied 400,000 Australians a tax cut.

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